

# NORTHROP REBATE REPORTED IN IRAN AS AN ATONEMENT

**\$2 Million Is Said to Cover  
Questionable Sales Fees—  
Teheran Wants \$8 Million**

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TEHERAN, Iran, Feb. 22—

The California-based Northrop Corporation recently paid an unannounced rebate of \$2 million to the Iranian Government to atone for ethically questionable payments to third parties in connection with earlier sales of military aircraft to Iran, highly placed Iranian sources disclosed over the weekend.

Nonetheless, the informants said, the Iranian Government has decided to make a penalty deduction of more than \$8 million from payments to a Northrop subsidiary, Page Communications Engineers Inc. and three other companies involved in a \$200 million communications construction project in Iran. The sum represents the amount that the four concerns are said to have improperly earmarked for commissions and other payments to third parties in connection with the project.

[Efforts to reach officers of the Northrop Corporation for comment on the subject over the weekend were unsuccessful.]

The reported \$2 million payment is the first known instance of a United States company accused of questionable financial commitments in connection with dealings in Iran, actually dispersing a rebate to the Iranian Government — in what was described here as an effort to retain Iran's good will.

**No Specific Sale Cited**

Just what aircraft sale, and just what commitment, had given rise to Northrop's \$2 million rebate was not disclosed. But Northrop has sold the Iranian Air Force scores of F-5A and F-5E tactical fighters

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a U.S. Senate subcommittee re-

port on Northrop's payments to third parties here and in other countries caused a furor last year.

The informants reported that the \$2 million payment came two weeks ago in the form of a check, for precisely \$2,138,235, made out to the Imperial Government of Iran and dated Jan. 15, 1976. The check was said to have been on an account at the First Union National Bank of North Carolina at Chapel Hill, N.C.

One informant reported that the check had been sent by a highly placed Northrop executive to a "senior military man in Iran" with an accompanying letter saying in part, "I trust this action demonstrates Northrop's full support of the policies of His Imperial Majesty (Shah Mohammed Rizi Pahlevi) with respect to the future conduct of business in Iran and that the fine relation between Northrop and Iran will continue."

There was no immediate indication of whether and how Northrop had planned to inform its shareholders of the payment.

No comment has been forthcoming from Northrop personnel in the United States or in Iran.

The Iranian Government is currently involved in a campaign against corrupt and unethical practices by Iranians and by foreign businessmen—although Iranian officials have said there is no evidence that Iranian Government officials received any payoffs from the more than \$8 million committed for third-party payments in connection with the communications project.

It was suggested that Iranian officials had received payoffs from another large United States armaments concern, the Grumman Corporation of Bethpage, L.I., which has contracted to sell Iran 80 F-14 Tomcat fighters for \$2.2 billion.

And the officials have repeatedly suggested that much of the slush funds involved had wound up in the pockets of foreign executives rather than in those of Iranians. As one highly placed Iranian official contended in an interview yesterday, some crumbs may have been given to Iranians, but the meat goes back to Western businessmen.

The Iranian Government's position is that its officials must negotiate contracts on the best possible terms

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for Iran—and that if the foreign companies involved can afford to set money aside to pay to middlemen in connection with such transactions, then the concerns are not dealing at the most favorable possible terms for Iran.

Acting on this logic, Iran's chief military purchasing officer, General Hassan Toufanian, has repeatedly told the New York Times in interviews here that he expects the Grumman Corporation to pay a similar penalty rebate of more than \$20 million to atone for improper financial commitments to purported sales agents in connection with the current deliveries of Tomcats to Iran.

General Toufanian, who is also Vice Minister of War, has fives as early as April, 1973 that Iran had prohibited the use of agents in arranging military sales to Iran. And in November 1973, he has said, he got the United States Defense Department to add to its regulations a rule against employing agents in government-to-government military sales to Iran.

**Payments to Roosevelt**

However, the Senate subcommittee on multinational corporations last year made public documents and data indicating that Northrop payments to third parties in connection with aircraft and other transactions here and elsewhere were of long standing.

The principal military transactions involving Northrop and Iran were the sale of several score Northrop F-5A light-weight fighters several years ago and the subsequent sale of more than 100 F-5E single-seat tactical fighters. Both sales were made through the United States Government.

Kermit Roosevelt, grandson of President Theodore Roosevelt and formerly a high official of the Central Intelligence Agency, was reported to have been paid up to \$75,000 a year plus expenses to open doors for Northrop in Washington and in Iran and other Middle East countries.

And several hundred thousand dollars were said to have been paid to Prince Shahram Pahlevi, a member of Iran's imperial family, in connection with the activities of the Page concern in Iran. But the Prince is understood to have claimed

here that this was proper re-  
compensation for work by a service company he headed that provided office space, legal and other advice, and other services. The company is understood to have been dissolved.

In addition, Northrop admitted last summer to having paid a \$4,400 bribe to an Iranian tax official.

Documents released by the subcommittee also indicated that a retired United States Army major general, Harvey Jablonsky, had opened a numbered bank account in Switzerland in which Northrop deposited more than \$600,000 as a slush fund, and a Northrop official was quoted as having said he thought at least part of that sum was earmarked for payoffs to Iranian officials involved in the communications project here.

That project, contracted for in 1970 and now virtually completed, involved the construction of an integrated national telecommunications system. This entailed, among other things, the building of many microwave transmitters for relaying telephone calls around Iran.

Iran is understood to have already paid a substantial part of the money due under the contract to the four foreign companies, which formed a consortium to carry out the project: Page Communications, General Telephone and Electronics International, Siemens A.G. and the Nippon Electric Company Ltd.

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